



**UNIONBANK OF THE PHILIPPINES – TRUST AND INVESTMENT SERVICES GROUP**  
**UnionBank High Net Worth Intermediate-Term Peso Fixed Income Portfolio**

**KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**

As of May 31, 2018

<b>FUND FACTS</b>			
Classification:	Intermediate-Term Bond Fund	Net Asset Value per Unit (NAVPU):	Php 100.091659
Launch Date:	July 1, 2016	Total Fund NAV:	Php 241,624,572.53
Minimum Investment:	Php 10,000,000.00	Dealing Day:	Up to 2:30 pm, any banking day
Additional Investment:	Not Applicable	Redemption Settlement:	One (1) banking day after initial notice
Minimum Holding Period:	Not Applicable	Early Redemption Charge:	Not Applicable
<b>FEES*</b>			
Trust Fees: 0.125% per annum on total net asset value	Custodianship Fees: 0.001%	Audit Fees: 0.002%	
<i>UnionBank of the Philippines</i>	<i>HSBC, Ltd. Philippines</i>	<i>Punongbayan&amp;Araullo</i>	

\*As a percentage of the total market value of the fund for the month valued at Php 242.13 Mn

**INVESTMENT OBJECTIVE AND STRATEGY**

The UnionBank High Net Worth Intermediate-Term Peso Fixed Income Portfolio is a peso-denominated bond fund designed to provide high net worth individual & corporate investors higher returns than traditional fixed-income savings products.

**CLIENT SUITABILITY**

A client profiling process should be performed prior to participating in the Fund to guide the prospective investor if the Fund is suited to his/her investment objectives and risk tolerance. Clients are advised to read the Declaration of Trust/Plan Rules of the Fund, which may be obtained from the Trustee, before deciding to invest.

- The UnionBank High Net Worth Intermediate-Term Peso Fixed Income Portfolios suitable only for investors who:
  - Are individuals of legal age and corporations with an intermediate to medium term investment horizon.
  - Have a moderately conservative risk profile.
- The principal is at risk. Loss in the original investment may arise due to market fluctuations and price volatility of the securities held by the fund.

**KEY RISKS AND RISK MANAGEMENT**

You should not invest in this Fund if you do not understand or are comfortable with the accompanying risks.

Some of the key risks associated with this Fund are listed below:

- **Interest Rate Risk:** This is the possibility to experience losses due to changes in interest rates. The purchase and sale of a debt instrument may result in profit or loss because the value of a debt instrument changes inversely with prevailing interest rates.
- **Market/Price Risk:** This is the possibility to experience losses due to adverse changes in market prices of securities. It is the exposure to the uncertain market value of a portfolio due to price fluctuations.
- **Liquidity Risk:** This is the possibility to experience losses due to the fund's inability to sell and convert assets into cash immediately or in instances where conversion to cash is possible but at a highly disadvantageous price.
- **Credit/Default Risk:** This is the possibility for an investor to experience losses due to a borrower's failure to pay principal and/or interest in a timely manner on instruments such as bonds, loans, or other forms of security which the borrower issued.

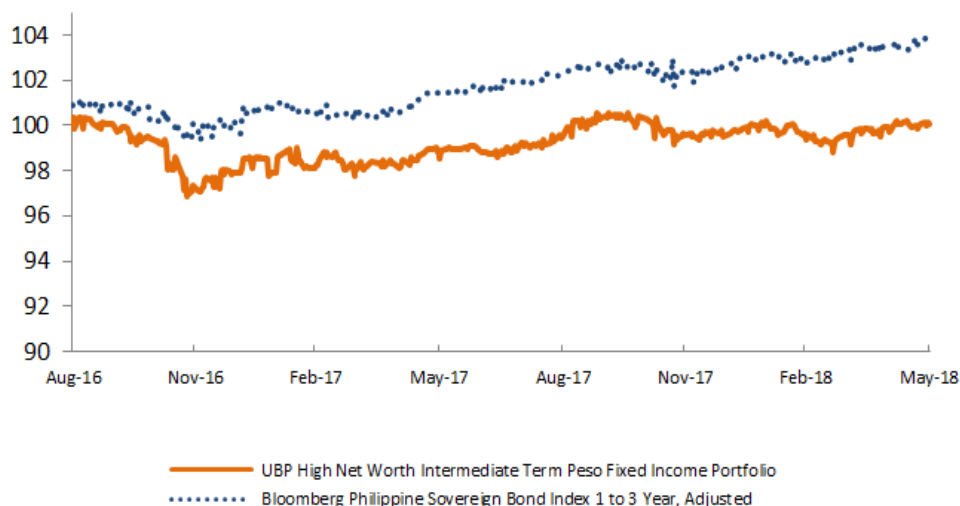
The Fund invests in quality assets which are evaluated under the Trust Department's accreditation process and BSP regulations. Internal risk limits, together with regulatory exposure limits, are monitored, reviewed and strictly adhered to on a daily basis.

<ul style="list-style-type: none"> <li>❖ <b>THE UIT FUND IS NOT A DEPOSIT AND IS NOT INSURED BY THE PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC)</b></li> <li>❖ <b>RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENTS/FLUCTUATIONS ONLY</b></li> <li>❖ <b>WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT</b></li> <li>❖ <b>THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE</b></li> </ul>
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For any queries, you may call UnionBank-Trust and Investment Services Group at 667-6388 or visit our website at [www.unionbankph.com](http://www.unionbankph.com).

**FUND PERFORMANCE AND STATISTICS AS OF MAY 31, 2018**

(Purely for reference purposes and is not a guarantee of future results)

**Net Asset Value per Unit**

**NAVPu over the past 12 months**

<b>Highest</b>	100.568512
<b>Lowest</b>	98.565475

**Statistics**

<b>Weighted Ave. Duration</b>	2.0853
<b>Volatility, Past 1 Year*</b>	3.34%
<b>Sharpe Ratio**</b>	-0.28
<b>Information Ratio***</b>	0.00

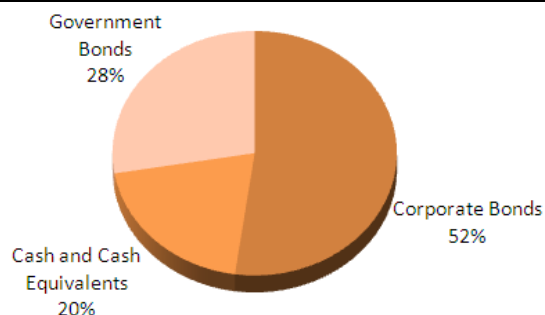
\*Volatility measures the degree to which the Fund fluctuates vis-a-vis its average return over a period of time.

\*\*Sharpe Ratio is used to characterize how well the return of Fund compensates the investor for the level of risk taken. The higher the number, the better. (Risk Free Rate = 2.2830 %)

\*\*\*Information Ratio measures reward-to-risk efficiency of the portfolio relative to the benchmark. The higher the number, the higher the reward per unit of risk.

Fund Performance Vs. Benchmark (%)								Top Ten Holdings (%)		
		Cumulative Return				Annualized Return				
Period		1mo	3mos	6mos	1yr	3yrs	5yrs			
Fund		0.16	0.45	0.41	1.34	--	--	FXTN 07-57 3.500 03/20/2021	14.84	
Benchmark*		0.15	0.71	1.18	2.23	--	--	PHILIPPINE SAVINGS BANK	12.48	
Period		YTD	2012	2013	2014	2015	2016	2017		
Fund		0.55	--	--	--	--	--	1.64	PCORPM 4.0032 10/27/2021	11.73
Benchmark*		0.96	--	--	--	--	--	2.43	FLIPM 5.4000 12/04/2021	10.39
		Calendar Year Return								
									JGSPM 5.2442 02/27/2021	8.76
									SMBPM 6.600 04/02/2022	4.32
									STERLING BANK	4.08
									SMBPM 10.500 04/03/2019	3.94
									FXTN 07-56 3.8750 11/22/2019	3.93
									FXTN 07-58 3.500 04/21/2023	3.90
									<b>Total</b>	<b>78.38</b>

\*Bloomberg Philippine Sovereign Bond Index 1 to 3 Years, Adjusted

**PORTFOLIO COMPOSITION**

**OTHER DISCLOSURES**
**RELATED PARTY TRANSACTIONS**

The fund has time deposits with Unionbank of the Philippines amounting to Php 5.04 Mn. These investment outlets were approved by the Trust Committee. Likewise, all related parties transactions are conducted on an arm's length basis.

**OUTLOOK AND STRATEGY**

Q1 2018 GDP growth was released this month, reaching 6.8%, slightly outside the government's full-year target of 7-8%, but higher than the 6.5% growth of 4Q 2017. Other notable indicators released this month was, April CPI which printed at 4.50% versus the 4.30% gain the previous month and Government Spending data which reached ₱261BN for the month, up 43% year-on-year. According to the Department of Budget and Management, this was mainly driven by infrastructure spending which almost doubled from 33.5BN in April 2017 to 65.6BN in April 2018.

Following the release of the said data, the Philippine Central Bank (BSP) cuts reserve requirement ratio (RRR) by 1pp from 19% to 18%. Governor Espenilla flags more RRR cuts, aiming to gradually bring it below double digits. Meanwhile, the BSP finally increased key policy rates by 25 basis points this month to 3.25%. The hike was viewed to ease investor concerns that BSP is falling behind the curve. As a result, yields initially went down as much as c20bps across the curve.

On the local bond market front, PHP bond yield curve bull steepened as treasury bills continue to be the market favorites. Sizable bid volumes are seen in the 91-day and the 182-day Treasury Bill auctions with around 2x bid-to-cover. Meanwhile, on the long end of the curve, it seemed support is still evident with yields maintained at previous levels. Total trading volume increased to ₱ 189.2 BN versus ₱ 130.2 BN the previous month.

In other news, the Bureau of Treasury announced the issuance of a new 3-year retail treasury bond (RTB), with an initial auction size of ₱ 30 BN. The Dutch auction attracted ₱ 92.8 BN bids which is around 3x bid-to-cover. BTr awarded the auction with a coupon of 4.875% and volume amounting to ₱ 66 BN. We continue to remain cautious in anticipation of further developments on local inflation, debt supply, geopolitical matters and global oil supply concerns.